



Economic Impact Analysis Virginia Department of Planning and Budget

23 VAC 10-250– Virginia Tire Tax Regulations
Department of Taxation
August 31, 2006

Summary of the Proposed Amendments to Regulation

The Department of Taxation proposes to repeal the existing Tire Tax Regulations. The tire tax was replaced with the tire recycling fee by Chapter 101 of the 2003 Acts of General Assembly.

Result of Analysis

The proposed repeal is not likely to have any significant impact.

Estimated Economic Impact

The existing Tire Tax Regulations address taxes levied and imposed upon every retailer of tires in the Commonwealth, in addition to all other taxes and fees of every kind imposed by law. According to the Tire Tax Regulations, the tax shall be \$0.50 per tire for each new tire sold by a tire retailer, regardless of the selling price of the tire. The tax was applicable to new tires sold on or after January 1, 1990 through December 31, 1994.

Chapter 101 of the 2003 Acts of General Assembly replaced the “tire tax” with the “tire recycling fee” and increased the fee from \$0.50 per new tire sold to \$1.00 per new tire sold beginning July 1, 2003 and ending July 1, 2006. The tire recycling fee shall be levied and imposed at a rate of \$0.50 for each new tire sold after July 1, 2006.

The Department of Taxation proposes to repeal the Tire Tax Regulations because the regulations are no longer applicable.¹ Eliminating the regulations will have no impact.

¹ The Department of Taxation will promulgate separate regulations on tire recycling fee.

Businesses and Entities Affected

The proposed repeal of these regulations will not significantly affect businesses and entities.

Localities Particularly Affected

No localities are particularly affected.

Projected Impact on Employment

The proposed repeal of these regulations will not affect employment.

Effects on the Use and Value of Private Property

The proposed repeal of these regulations will not significantly affect the use and value of private property.

Small Businesses: Costs and Other Effects

The proposed repeal of these regulations will not significantly affect small businesses.

Small Businesses: Alternative Method that Minimizes Adverse Impact

The proposed repeal of these regulations will not significantly affect small businesses.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 21 (02). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.H requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a

statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.